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# Betting the house

LOCAL POLICY CHALLENGES AND THE 2024 UK  
GENERAL ELECTION

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# About Localis

## Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

## Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

## What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

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## Executive summary

This report presents a locally-focused analysis of the election manifestos of the two parties most likely to form a government in 2024, Labour and the Conservatives. While not programmes for government in their own right, manifestos act as an indicator of how government will be used as a vehicle and what direction it will be travelling in. For local government, the party manifestos present an insight into the position the sector will occupy in the policy agenda of the next Parliament, as well as where it fits into the visions of prosperity being sold to voters. However the election turns out, the incoming government must reckon with a public which demands improvement in the quality of public services in the context of tight fiscal constraints and a pressing need for economic growth to be delivered. Local government has the potential to play a crucial role in overcoming the immediate challenges and charting a course to national prosperity, if an enabling policy and funding framework is put in place.

With this in mind, we have focused our analysis on three key policy challenges:

- **Planning.** The planning system in its current format has encumbered housebuilding across the country, leaving supply to lag helplessly behind an ever-mounting demand and consequently forcing local authorities to fork out billions of pounds annually on reactive measures. Creating means to reform and re-balance the planning system must be seen as a political imperative for reasons both social and economic.
- **Contracts.** Despite systemic issues – including reduced capacity, overly complex bureaucracy and low investment – there has been a turn in the past decade to a wider conception of value for money and a greater appreciation of the strategic potential of procurement, particularly locally. In the next political cycle, understanding how to fulfil the potential of contracting and spread best practices across the country will be a key policy challenge in pursuit of local growth.
- **Capacity.** A primary consequence of austerity has been the major contraction in the capacity for local authorities to engage in non-core service areas, particularly as inflation and demographic pressures bite. Workforce and capacity issues across local government are deeply entrenched and multifaceted, contributing to deteriorating service delivery and a diminished potential for renewal. Without filling capacity gaps, local authorities will be prevented from introducing new, more effective models of public contracting, governance, and services.

## Planning and housebuilding policies

### Strategic planning and devolution

Of the manifestos published by the major parties, the Labour manifesto was singular in its commitment to a regional, strategic approach to planning. This, they disclose, would enable a larger-than-local perspective to meet housing needs. To support cross-boundary planning, duties upon combined and mayoral authorities, with upgraded planning powers and greater flexibilities in grant funding, would be assigned.

The Labour manifesto overall leans heavily into the combined authority model as a vehicle for transformation, offering better resourcing through integrated settlements and consolidated powers for housing and planning provided that mayoral combined authorities in particular can prove “exemplary management of public money.”

In the Conservative manifesto, there is little in the way of provision for strategic planning. The manifesto promises only support for urban development corporations, through which there is recognition of the necessity of partnership working across the public, private, and community sectors for successful regeneration, and a doubling-down on the recently introduced Infrastructure Levy. The spotlight that the Conservative offering places on communities is welcome, particularly in terms of support for community housing schemes, community engagement for large-scale regeneration projects, and extension of the Community Ownership Fund. Devolution, assured to every area that wants a ‘level 4’ deal, will be used to empower communities. However, from a planning perspective the manifesto remains sparse on devolved powers to address the housing crisis and the poor capacity of planning departments.

### Finance and capacity of local planning

The Infrastructure Levy, introduced not without criticism in the Levelling Up and Regeneration Act 2023 (LURA), aims to replace the Community Infrastructure Levy (CIL) to leverage contributions from new development towards affordable housing and local infrastructure. There are some concerns that the new Levy might prove burdensome to local authorities and affordable housing providers, disincentivising affordable development. Unlike the CIL, the LURA did not plan to make obsolete section 106 obligations – the charge levied on developers to secure affordable housing – but did note that under a functioning Infrastructure Levy that they would only be used to “support delivery of the largest sites”. The manifesto carries on in this vein, promising to lift s106 contributions from smaller sites in order to support local and smaller developers, although it remains to be seen how reforms would engage the affordable housing provision required across England’s regions.

Labour's commitment to appointing an additional 300 planning officers shows some dedication to tackling the capacity gap among local planning authorities and improving place resilience, and by the same token comes a welcome nod to the potential for AI to enhance planning department efficiency. Affordable housing provision would also see support through strengthened planning obligations on new developments, otherwise unspecified, and changes to the Affordable Homes Programme, while new housing will be tied to stronger quality standards in terms of sustainability and climate resilience. Strengthened presumption in favour of sustainable development through Labour's renewed planning framework is a worthwhile addition.

### Of green and brown belts

One of the primary components of the Conservatives' approach to housing is their commitment to "Delivering a record number of homes each year on brownfield land in urban areas." This would be achieved by means of a fast-track planning route for homes in the UK's 20 largest cities, with full expensing and strong design codes while forcing the Mayor of London to plan more homes on brownfield sites and increase inner-city density levels. However, even if all brownfield land is developed to capacity, this will not be enough to meet the massive need across England for new housing. Additionally, brownfield development is beset with obstacles ranging from poor funding, expensive land and needs for remediation, and poor capacity in both the public and construction sectors. Perhaps, the Conservative promise of "full expensing" for brownfield housing delivery may push these waiting developments into delivery.

The Labour Party are alone in their dogged commitment to releasing Green Belt land for development, where all other manifestos are clutching tightly to the protected swathes of land around England's urban areas. Although still taking a "brownfield-first" approach to development, they will encroach onto Green Belt territory by introducing 'grey belt' development, focussing their efforts on sites that are "ugly" and underutilised, ensuring the original principles of Green Belt policy, to protect green space and prevent urban sprawl, are abided through the introduction of five 'golden rules' for development. It will be very challenging to develop on the Green Belt in a manner that is cautious of encroaching onto necessary green space, particularly when the country is suffering from an immense crisis of nature and biodiversity. This will be the problem that Labour will need to tackle; how can controversial development offer the rapidity and scale that experts agree is required to confront the housing crisis?

## The role of procurement in achieving policy goals

Despite previous rhetoric and public announcements, the Labour Party manifesto is noticeably bare in terms of public contract and procurement details, despite previous announcements around more transparent contract tracking and increased social value enforcement. To see such public contract and procurement provisions seemingly left out of the manifesto – despite positive policy messaging elsewhere – is concerning, although the benefit of the doubt would be that Labour is committed to the upcoming Procurement Act and is leaving the technicalities of how the system will continue to be reformed for after the election. The Conservative manifesto also mentions public contracts sparingly, with local government considerations notably absent. Nevertheless, it is encouraging to see the Conservatives are committed to the more integrated and strategically inclined procurement system as outlined by the upcoming Procurement Act 2023. Beyond this, however, measures laid out around the SME procurement do little to tackle the fundamental issues of cost overruns, delays, and the overall lack of capacity for foresight and rigour in contract management by local and other public sector authorities.

## Restoring local capacity

In terms of capacity, the Conservative manifesto presents an inadequate response to the entrenched capacity issues facing local government. Despite acknowledging some critical pressures, such as the social care crisis, the proposed measures fail to address the structural flaws that continue to hinder effective governance and public service delivery. The Labour Party's manifesto outlines several relevant initiatives aimed at enhancing the capacity of local government, with implications for workforce, strategic, and service capabilities. Still, proposals on centralised support for local authorities are frustratingly vague and there is nothing on the kind of capital injection necessary for adequately addressing the deeply entrenched issues that undermine the potential for renewal and effective governance at the local level — issues that will inevitably act as a roadblock to national mission-led governance.

The promise of a multi-year funding settlement for social care in the Conservative manifesto, while superficially positive given the impact of social care on local authority budgets, lacks the financial backing and implementation clarity needed to be genuinely transformative. Labour's proposal for multi-year funding settlements aims to provide some financial certainty, which could prove crucial for effective planning and service delivery. To build on these settlements however, local authorities need sustainable revenue streams that can support both statutory and discretionary services, allowing them to respond flexibly to local service needs as they develop.

In terms of strategic capacity, Labour's plans to deepen devolution settlements and empower local authorities with new powers over key areas like housing, skills, and transport is commendable and could allow for local government to have more administrative and managerial control over how policies are enacted locally. However, the devil is in the detail and the success of such plans hinges on the existing capacity of local authorities to engage in strategic planning and implementation, which varies widely, especially amongst smaller councils. Ending wasteful competitive bidding and overhauling the local audit system are also necessary reforms to ensure better value for taxpayers' money and improve the strategic bandwidth of local authorities by reducing how much council capacity is dedicated to bid-writing and bureaucracy.

## Conclusions

The party manifestos of the Conservative and Labour parties reveal two approaches to government and the role of the local state, bound by a shared avoidance of the crucial issue of immediate capacity uplift. Restoring local capacity to deliver will be crucial to raising public satisfaction with government at all levels, and a proper assessment must be made before the next spending review. Similarly, the role of local contracting in social prosperity should be given more serious weight in the future of local economic development than it has been afforded in these manifestos.

On issues of planning and development – so vital to a future of sustainable prosperity – the Labour Party certainly offers a more comprehensive and convincing vision of delivery. Yet it cannot be ignored that Labour would be far from the first party to come into office with a plan to overhaul the system and develop new homes at pace. In fact, they would be the second party to do so since 2019, and the comparisons between the Conservative offer on housebuilding in that election and their current offer could prove instructive should Labour gain office, as the current polling strongly suggests.



# Introduction

Party manifestos are not programmes for government. But as documents they represent more than political mail-order catalogue of retail offers. For one thing, the pledges laid out in the manifesto can, for the successful party, be used to accelerate the policymaking process on issues which are seen as carrying clear electoral mandate. For those arguing for the kinds of policies implied in the Levelling Up agenda, for example, the ‘stonking majority’ of 2019 was a helpful invocation.

Beyond this, though, is the manifesto’s role as an indicator of how government will be used as a vehicle and what direction it will be travelling in. For local government, the party manifestos present an insight into the position the sector will occupy in the policy agenda of the next Parliament, as well as where it fits into the visions of prosperity being sold to voters.

The strong polling evidence indicating a Labour victory sets expectations for a political change not seen in over a decade. The context for the 2024 election is wildly different from that of 2010, which returned the first Conservative-led government for 13 years. Then, the ideas which underpinned the austerity agenda were broadly agreed with by large sections of society – the British Social Attitudes Survey of that year found just 32 percent in favour of raising taxes<sup>1</sup>. In 2024, with the realities of a shrunken state having filtered through to everyday life, views are different. Satisfaction levels with public services are at historic lows<sup>2</sup> and the most recent British Social Attitudes Survey, in 2022<sup>3</sup>, found that 52 percent of respondents were in favour of increasing taxation to spend on public services.

This has not filtered into the political landscape, however, with both major parties promising to cut taxes through spending plans which will leave no room for genuine improvement in services. Yet however the election turns out, the incoming government must reckon with a public which demands improvement in the quality of public services in the context of tight fiscal constraints and a pressing need for economic growth to be delivered. Local government has the potential to play a crucial role in overcoming the immediate challenges and charting a course to national prosperity, if an enabling policy and funding framework is put in place.

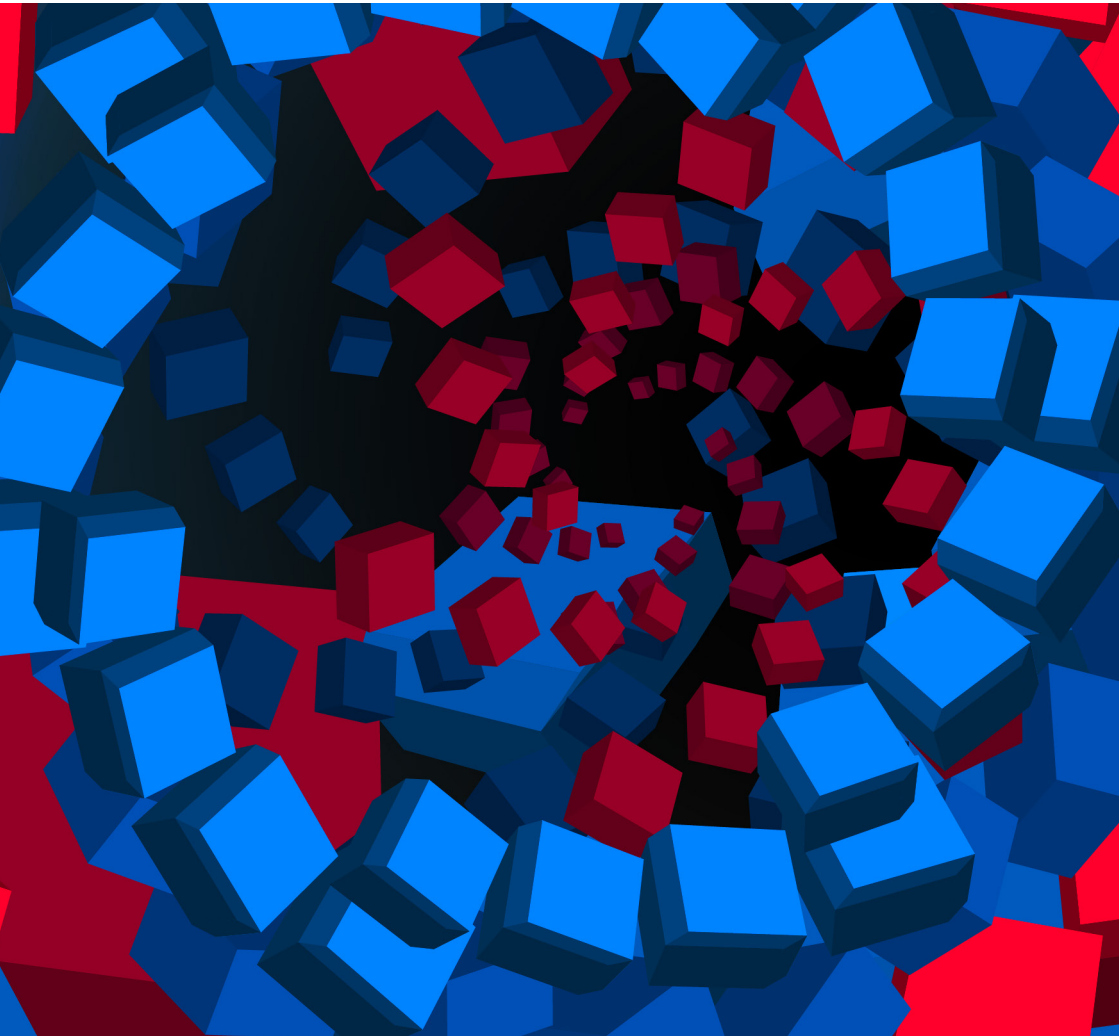
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1 The Guardian (2017) – [UK survey finds huge support for ending austerity](#)

2 LocalGov.co.uk (2023) – [Public services ‘in dire state’](#)

3 National Centre for Social Research (2022) – [Majority in Britain back ‘more tax, more spend’](#)

With this in mind, we have focused our analysis on three key policy challenges: the planning system, local public procurement, and local government capacity. From these challenges, we then indicate a policy platform based on the last five years of Localis research publications, laying out key steps which central government can take to allow councils to deliver on national priorities. Finally, we analyse how these challenges are addressed in the Labour and Conservative manifestos, assessing how the form and function of local government as it pertains to these crucial policy areas might be impacted after the election.



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CHAPTER ONE

# Local government policy challenges

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This section focuses on the political context for three primary challenges facing policymakers in central and local government during the next political cycle – reform of the planning system for more effective delivery, the use of public contracting to progress strategic goals, and the capacity gap across local authorities.

## 1.1 Planning

It is widely agreed that the planning system in its current format has encumbered housebuilding across the country, leaving supply to lag helplessly behind an ever-mounting demand and consequently forcing local authorities to fork out billions of pounds annually on reactive measures. Temporary accommodation amounts to five percent of the core spend of almost a quarter of English councils<sup>4</sup>, the number of households in temporary accommodation has increased by 89 percent in the course of ten years<sup>5</sup>, and net additional dwelling figures still drag unenthusiastically behind the government target of 300,000 per year. Inefficiencies within the planning system have stalled not only development but have also constrained economic growth and worked to widen inequalities. In this context, creating means to reform and re-balance the planning system must be seen as a political imperative.

Of course, the landscape of housebuilding policy and resourcing in England is highly complex, and the past several governments have seen a number of interventions that have aimed to shape the planning system into something better catered towards local needs. The Localism Act 2011 advanced the decentralisation of English planning, enabling a duty to co-operate for local planning authorities, councils, and relevant stakeholders in the planning process, and introduced statutory powers for communities in the form of neighbourhood planning. The Community Infrastructure Levy (CIL) also enabled local authorities to leverage charges on new developments for the benefit of local infrastructure.

The Localism Act preceded the National Planning Policy Framework (NPPF), which emerged in 2012 to establish the national policies around the use of land, specifically through the production of Local Plans by local planning authorities and the introduction of local housing targets, and to provide a policy vehicle for the protection of community interests. It was updated in 2018 and 2019 in an attempt to further enforce local government responsibilities to produce plans in response to local housing need, with further edits published in 2023 to re-emphasise the need for local and sustainable planning.

The Levelling Up and Regeneration Act 2023 (LURA), alongside the wider Levelling Up agenda, aptly tied the government's acknowledgement of disparate growth across England's regions with an understanding that tackling disparities requires less-constrained housing provision and the shifting of resources and power away from top-down Whitehall strictures, introducing a number of modifications to the planning system that target local growth in line with its levelling up outcomes.

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4 LocalGov (2024) – Quarter of councils spending 5% of budgets on temporary accommodation

5 LGA (2023) – £1.74 billion spent supporting 104,000 households in temporary accommodation

However, despite the recognition that meeting local need requires local, strategic oversight from planning authorities, the progress of devolution has remained somewhat checkered across the country, with planning powers likewise unevenly distributed. Combined authorities have the capacity to engage statutory strategic planning through spatial development strategies, but uptake has been very limited, and there remains room for a stronger framework for strategic planning across the board.

Beyond strategic planning, critics of the planning system have indicated a number of instruments impeding its potential. Areas of opportunity in the greenbelt have remained tightly sealed behind a bullish commitment to a nearly century-old policy, while permitted development rights, introduced to reduce the “bureaucratic burdens” of the planning system, have led to concerns over poor housing standards and lack of affordable housing provision. The government’s recent decision to remove mandatory local housing targets has prompted considerable backlash, and its loyalty to the case-by-case basis of the planning process rather than a moderated progression towards a more flexible system cements uncertainty and costliness into the system due to a reliance on discretionary decisions in the planning process while restricting development in underutilised areas of the country.

And, ultimately, poor capacity in local planning authorities derived from a chronic underspend in the public sector since the inception of austerity measures has crippled ongoing development, especially in areas with smaller and less-resourced local authorities. Without quite drastic change to the system, an incoming government will be hard-pressed to deliver the housing that England and its communities so urgently require.

## 1.2 Contracts

The history of public contracting in the late 20th and early 21st centuries is one marred by systemic inefficiencies that have precipitated increasingly poor infrastructure and service delivery, stifled investment and innovation, all the while producing devastating social consequences. The systemic issues plaguing public contracts are deeply rooted in poor planning, legislative complexities, procurement inefficiencies, skill deficiencies, and political instability. Yet in the past ten years, a turn to a wider conception of value for money and a greater appreciation of the strategic potential of procurement has led to local innovations and national legislative overhaul. In the next political cycle, understanding how to fulfil the potential of contracting and spread best practices across the country will be a key policy challenge in pursuit of local growth.

At the heart of this issue is a pervasive lack of foresight and rigour in planning and decision-making, exemplified by the HS2 project, which has been plagued by cost overruns, delays, and downsizing. This failure is not isolated but symptomatic of a broader malaise wherein short-term fiscal targets overshadow long-term benefits, leading to inflated costs

and diminished returns. The political myopia that drives these decisions ultimately results in projects that are both financial unsustainable and operationally ineffective, with places and communities bearing the brunt of such chronic inefficiencies and failure to deliver.

The historical trend of all-out outsourcing and privatisation has exacerbated these issues, stripping local authorities of their administrative and managerial control. This has led to what is described by University of Sheffield academic Richard Craven as, “bureaucratic injustice,”<sup>6</sup> where local authorities and other public sector entities are marginalised from their own public contracts by the increasingly complex and often opaque nature of these agreements. The volatile nature of political priorities further undermines these efforts, with shifting funding and project scopes creating an environment of instability and unpredictability. This political capriciousness not only disrupts project timelines but also erodes confidence among investors and stakeholders, stymieing innovation and long-term planning.

Furthermore, the entrenched practices and ideological biases that favour certain governance models over others must be overcome. Inflexible governance models, typically based on outdated closed-system thinking, are too often failing to deliver optimal outcomes due to their conflicting objectives and inherent inefficiencies. As these chronic inefficiencies and delivery failures have disseminated across the system, it is communities, local authorities, and on-the-ground services that have been unfairly left to manage the consequences in absence of public or private sector adequacy. Given the government choice to enact austerity measures in the midst of such systemic issues, this burden has become endemic across the country.

Despite these troubling systemic issues, in recent years, the traditional understanding of value-for-money in public procurement has undergone a notable transformation. Historically, value-for-money has been viewed primarily through bureaucratic and economic lenses, focusing on cost-savings and regulatory compliance. This narrow perspective is now expanding to include social and environmental considerations, driven by the efforts of local authority strategic directors, procurement teams, and supportive suppliers.

The introduction of the Social Value Act marked a pivotal shift in the UK, mandating contracting authorities to consider how public contracts might improve the economic, social, and environmental wellbeing of their respective local areas. Over the past decade, the legal duty to consider social value has shifted public contracting and procurement from a purely cost-saving focus to a balanced approach that considers economic efficiency and relative social prosperity, typically through a local lens. These gains were consolidated and

doubled-down upon in the name of regional development through the Procurement Act 2023, which greatly increased the scope for strategic procurement by public authorities.

Best practice strategic procurement now prioritises social outcomes without compromising cost-effectiveness, requiring nuanced grassroots understanding of local socio-economic conditions. Public procurement is now increasingly seen as a tool for targeted social and economic regeneration, with the latent potential to go beyond statutory requirements and deliver a more socially prosperous model of procurement. Parallel to this, as elaborated by a forthcoming Localis report titled *New Values*, there has been a further expansion in the concept of value-for-money to include aspects of administration, control, and management. This shift is particularly pronounced in scenarios where outsourcing has been inefficient or failed, prompting local authorities to re-evaluate their management of public contracts and services.

Procurement success is being redefined to include effective management, strategic goals, and the delivery of environmental and social benefits, even at the expense of short-term economic gains – thus, suggesting the concept encapsulates much more now than mere short-term cost-savings. Learning from the early stages of the new regime and providing the support and tools necessary for local authorities to maximise strategic procurement must be priorities for the next political cycle, particularly in the context of achieving local socio-economic improvement in a tightly constrained fiscal context.

### 1.3 Capacity

Workforce and capacity issues across local government are deeply entrenched and multifaceted, contributing to deteriorating service delivery and a diminished potential for renewal. Without addressing these systemic issues and filling capacity gaps, local authorities risk continuing outdated practices and failing to implement new, more effective models of public contracting, governance, and services.

The period between 2009 and 2022, propelled by austerity measures, saw local authorities undergo a profound reduction in their workforce, with staff headcount falling by more than a third, from 2,254,700 to 1,346,400<sup>7</sup>. This rate of reduction was last seen in the early 1960s and has permeated all local government functionality, resulting in a systematic reduction in institutional knowledge and recruitment capabilities, the likes of which prove crucial to successful strategic planning, public contracting, and service delivery. In 2022, 94 percent of councils reported difficulties in recruitment and retention,

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7 Local Government Association (2016) – *ONS Quarterly Public Sector Employment Survey*

particularly in maintaining staffing levels and increasing apprenticeships within the sector<sup>8</sup>.

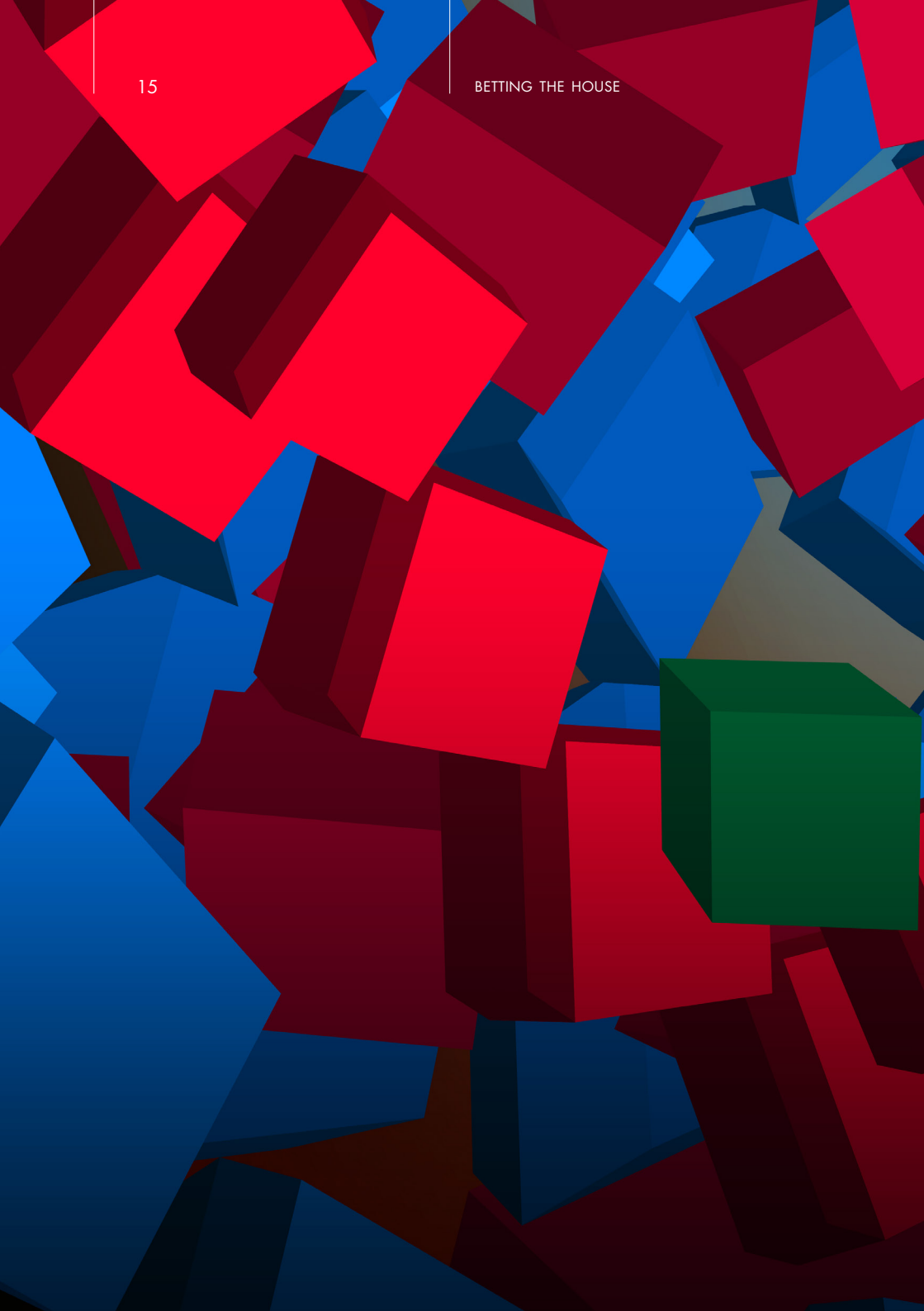
This has led to a situation, where, despite the apparent potential for strategic planning and public contracts to transform public services and foster relative social prosperity from some, typically upper tier, combined authorities, local authorities overall are hampered by significant disparities in strategic bandwidth and capacity. This deficiency is particularly acute among smaller local authorities, where resources, expertise, and experience vary widely despite their close proximity to place. This results in a strategic capacity disparity among local authorities, where some are better equipped to tolerate risk, think strategically, and deliver effectively whilst others are much less able to and thus miss out on the benefits and relative prosperity of such an approach.

Additionally, the rampant culture of 'bidding for pots', particularly since 2016, means that some local authorities are devoting revenue spend on people who understand the specific conditions of grant funding rather than employing those who can make best strategic use of a single-settlement, multi-year pot.

Funding reductions and restructuring have forced local authorities to adopt a wide variety of service delivery models without necessarily having the capacity to do so. While there are many success stories and best practices that ought to be proliferated, these models, in the absence of strategic capacity to be properly managed, have too often descended into the fragmentation of services and reduced accountability. Financial constraints and diminishing budgets contextualise many of these systemic capacity issues and provide underlying causes to a multitude of service failures – from high profile failures such as Croydon to the more mundane issue of gradually diminishing public satisfaction with local services.

The consequence of sustained austerity and incessant spending cuts has been a major contraction in the capacity for local authorities to engage in non-core service areas, particularly as inflation and demographic pressures tighten the squeeze on budgets towards an overwhelming obligation to social care. Despite the devastating impact of austerity, local government has continued to demonstrate its crucial role in providing the conditions for and stewardship of economic growth and social wellbeing at the local level. However, this role has continued to be undervalued in their statutory delivery responsibilities and left vulnerable to national policy fluctuations. The strict obligation upon local government to devote funding to statutory services, despite diminishing budgets, means that discretionary services often fall to the wayside, despite the fact the loss of these services has only served to compound greater pressures on the finances, resources, and workforces of both local government and the NHS.





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## CHAPTER TWO

# A policy platform for local transformation

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This section lays out a series of policy prescriptions for the challenges presented in section one, taken from Localis reports on the issues produced during the last five years. Taken together, these recommendations amount to a policy platform which could enable councils to drive economic and social prosperity at the local level.

## 2.1 A future-ready planning system

From regional planning to support for communities and local engagement with the private sector, the planning system and the institutional framework of governance that surrounds it present a host of opportunities for streamlining development, meeting housebuilding needs, and ensuring that local growth happens in line with social and environmental needs.

### Strategic planning<sup>9,10</sup>

- Central government needs to **legislate for a return to strategic planning**, with amplified Spatial Development Strategies for combined authorities, built-in housing targets for constituent authorities, and compulsory Subregional Plans for all other local authorities.
- Crucially, **sub-regional plans need to take a holistic approach to place**, integrated with infrastructure strategies, climate resilience measures such as mandatory whole-life carbon assessments for development, and Local Skills Improvement Plans to ensure a strategic, sustainable vision for place.
- **Developers should be encouraged to agree productivity deals with local authorities**, engaging a strategic perspective of place that encourages local labour market uplift. To incentivise that strategic perspective, every long-running large development should be supported by a local growth board to oversee not only the productivity deal but to promote strong collective place leadership around a shared vision, a regional spatial planning focus, and evoke a shared response to the housing crisis.

### Funding development<sup>11,12</sup>

- Strategic planning must be accompanied with a **concerted national effort to pool funding across the public sector** so that the state takes its fair share of the burden towards sustainable development and affordable housebuilding.
- **Funding must be restored to local authority planning departments** to solve the housing crisis, reversing the damage of austerity and returning housebuilding to sustainable levels. Rural planning capacity must see significant

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9 Localis (2024) – [Design for Life](#)

10 Localis (2021) – [Building Communities](#)

11 Ibid.

12 Localis (2023) – [Brightness on the Edge of Town](#)

uplift, while the new Infrastructure Levy should include a ringfenced portion for affordable housing provision and be paid at the point of commencement on site rather than at the point of occupation, so that funding can support a strategic approach to development.

### National planning policy<sup>13,14</sup>

- Further amendments to the National Planning Policy Framework (NPPF) need to reflect the importance of engaging the planning process with the holistic needs of place, and therefore **should include required Health Impact Assessments and a definition and protection of social infrastructure**.
- National planning policies should also do more to prioritise community-led housing in providing affordable housing. **It is imperative that the current definition of affordable housing, which is aligned with market rates, sees reform**, moving to an income-based approach with councils able to influence the income level that defines affordable housing in their area, based on local circumstances.

### Communities and engagement<sup>15,16</sup>

- Local government should work with communities to encourage the production of neighbourhood plans including embedded local design codes, without undercutting housing targets. They should also produce community value charters to provide a transparent picture of how the procurement attached to new developments are beneficial to the local area.
- Engagement with communities can be broadly encouraged through a **hybrid model for local plan-making** that combines digital outreach, including a centralised portal for residents to access development plans for their areas, with more extensive physical events such as developers' forums.
- Support from national and local government alike for community housing at a sustainable scale can help all areas access equal opportunities for community-led housing.

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13 Localis (2021) – [Building Communities](#)

14 Localis (2023) – [Brightness on the Edge of Town](#)

15 Localis (2021) – [Building Communities](#)

16 Localis (2023) – [Brightness on the Edge of Town](#)

## Partnership working across government<sup>17,18</sup>

- The most prominent obstacle to sustained partnership at the local level is fiscal uncertainty and therefore, to support partnership delivery, **a long-term settlement on financing regeneration must be reached in the next Parliament**. This would entail abandoning much of the current system of competitive bidding for funding pots.
- **Homes England should be used as an emboldened institutional vehicle** for the proactive release of development sites and strategic master-planning, and for the incentivisation of registered housing providers through grant conditions to engage with community-led initiatives and to set targets to supply rural areas with social housing, as these are some of the places worst affected by the housing crisis.

## 2.2 Public contracts for social prosperity<sup>19,20</sup>

The current state of public contracting and procurement is, as noted, emblematic of a system bogged down by inefficiencies, rigidity, and a persistent myopic focus on short-term gains at the expense of long-term social prosperity. The incoming government must spearhead a continued overhaul of this system to unlock the true potential of public contracts as instruments of strategic development and societal wellbeing.

- The funding model for local authorities requires a seismic shift for procurement reforms to have any hope of delivering on their strategic potential and for a more effective and prosperous system of public contracting to develop. Therefore, **long-term, stable funding is essential for councils to build and refine their contracting and procurement capacities**.
- Procurement must also continue to transcend its traditional confines, with such developments reflected in assertive and legally sound legislative provisions. The persistent emphasis on value-for-money, while important, is outdated in its typical form. As noted previously, **the concept of value-for-money is broadening in practice to include social and strategic aspects; developments that must become reflected in legislation and supported in practice by the incoming government**.

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17 Localis (2024) – Design for Life

18 Localis (2023) – Brightness on the Edge of Town

19 Localis (2020) – Brighten All Corners

20 Localis (2021) – True Value

- This shift may also require explicit statutory duties for local and other contracting authorities to ensure public contracting and procurement practices are not just economically sound but also socially transformative. Mission-informed, nationally set social value KPIs for public contracts – with room for local nuance – could be a compelling option for embedding a more socially prosperous conception of value-for-money from the top down.
- Training and standards for local procurement professionals will continue to be critical, especially so in the context of upcoming reforms. **Central government must seek to launch a widespread strategic capacity-building programme**, leveraging institutions like CIPFA and the LGA to equip local authority procurement teams with the necessary skills, knowledge, and wherewithal to make best use of the renewed legislative framework.
- To encourage widespread utilisation of the upcoming legislative framework, there must be either explicit legislative provisions or policy guidance that declares the **outright obsolescence of Section 17 of the Local Government Act 1988** – ideally as an addendum to the incoming competitive flexible procedure – as well as a more general standardisation of definitions and guidance on how the legislation can be leveraged in practice. Such legal clarity will pave the way for more innovative and hybridised contracting and procurement models, fostering an environment where insourced solutions and public-private partnerships can all thrive free of perceived legal risks.
- The incoming government must maintain and strengthen an ongoing dialogue with local authorities, combined authorities, and other stakeholders on the viability and performance of their public contracts. Such open communication will become vital for sustaining momentum and ensuring public contracting continues to evolve in a way that complements both local and national strategic goals. Both central and local authorities must seek to adopt evidence-based approaches to any new public contracts, prioritising pragmatic and socially inclined outcomes over political dogma.

### 2.3 Restoring and resetting council capacity<sup>21,22</sup>

As noted, local government has been ravaged by a relentless onslaught of budget cuts, decimating the foundations of planning, procurement, and all other strategically relevant departments across the country. The incumbent government must act decisively to reverse

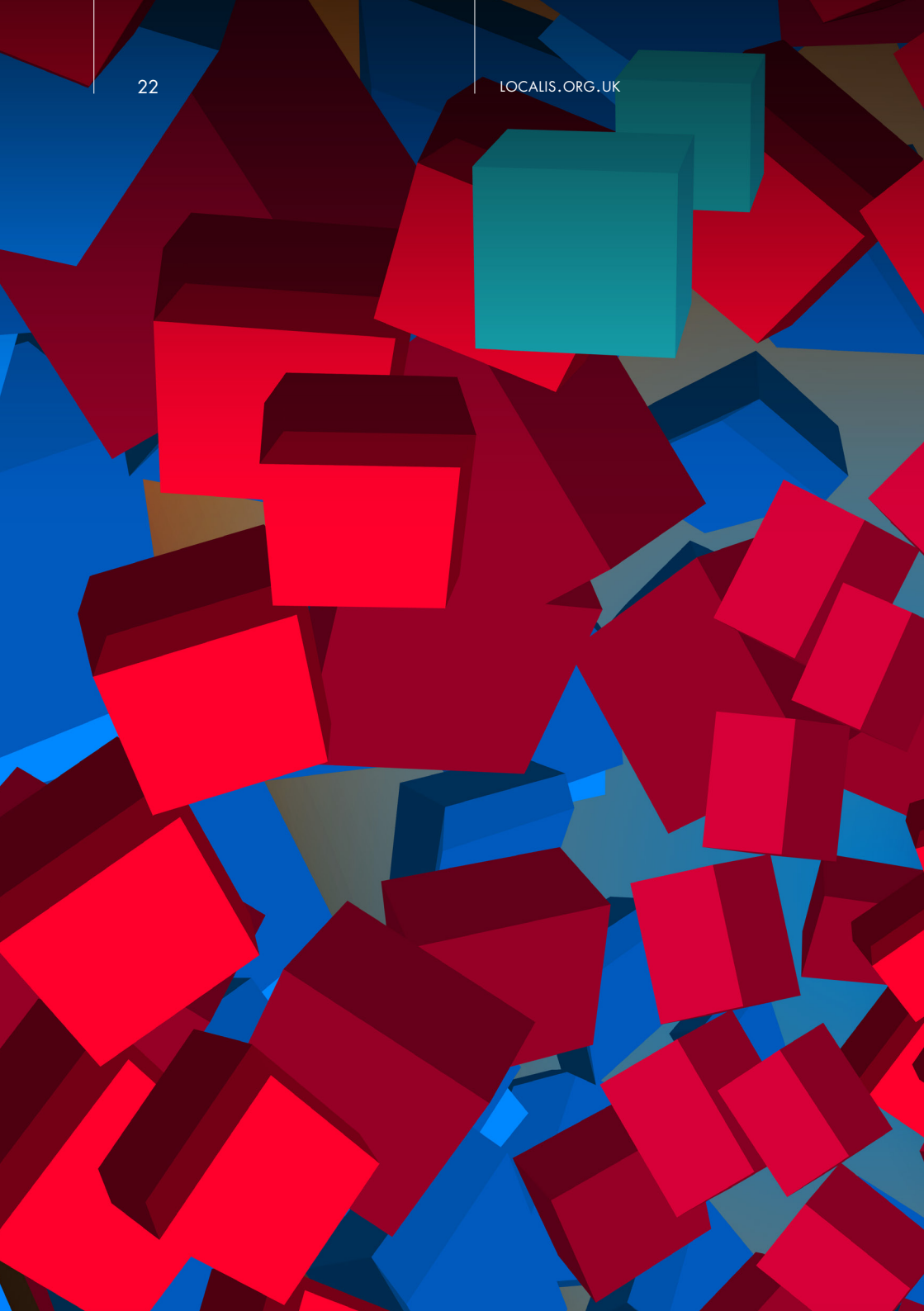
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21 Localis (2024) – Design for Life

22 Localis (2023) – Level Measures

this trend, or risk further entrenching systemic inequalities that will choke investment, stifle innovation, and wreak further havoc on social cohesion and wellbeing.

- **A radical overhaul of the funding structure will be necessary.** Abolishing the rigid revenue-capital funding split and adopting single funding budgets for local authorities would streamline financial management and bolster holistic approaches to development. Central government will need to begin to provide consistent and substantial revenue support for neighbourhood services. Consolidating revenue support with capital funds into a single placemaking budget, allocated over a minimum of five years, would enable local authorities and their stakeholders to plan and deliver services more effectively. This long-term funding approach will prove essential for getting to the root of local government's endemic capacity issues.
- Additionally, devolution deals must be restructured to prioritise the strategic coordination of public contracts, neighbourhood services, and upstream prevention. The current focus on regeneration through capital injections is too narrow and prescriptive, failing to capture a more holistic conception of public governance and stewardship. More flexible and inclusive devolution are necessary to achieve better public service outcomes and foster relative social prosperity across localities.
- The **establishment of subregional centres for public sector data analysis** will prove another critical measure for the incumbent government. Local authorities, particularly smaller ones, struggle to attract and retain data professionals, nor are they typically able to adapt and retrain effectively enough. These centres would provide a shared resource, enabling councils to leverage data for intelligent decision-making and sector-led improvement.
- Finally, **a nationwide capacity-building programme is urgently needed.** Initiated and committed to by central government, this programme should aim to enhance the strategic capacities of local authorities through training, resource allocation, legislative familiarisation, and the sharing of best practices. Without directly addressing the current inequality in capabilities across local government, local authorities will continue to struggle with outdated practices and fail to implement more effective models of public governance – which will seriously impede the goals of any mission-orientated government.





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CHAPTER THREE

# Key local government issues in the main party manifestos

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This section analyses how the manifestos of the two parties with a chance of forming the next government, Labour and the Conservatives, respond to the policy challenges presented in section one.

## 3.1 Planning and housebuilding policies

### Strategic planning and devolution

Of the manifestos published by the major parties, the Labour manifesto was singular in its commitment to a regional, strategic approach to planning. This, they disclose, would enable a larger-than-local perspective to meet housing needs. To support cross-boundary planning, duties upon combined and mayoral authorities, with upgraded planning powers and greater flexibilities in grant funding, would be assigned. Localis have in past reports suggested that single settlement budgeting or relaxed accounting mechanisms between revenue-capital funding could drive local growth. Greater flexibility will enable a much more efficient use of grant funding, with councils no longer having to scramble and expend additional resources to bid for pots of funding, particularly in a context of multi-year funding settlements for councils, as Labour have promised.

The Labour manifesto overall leans heavily into the combined authority model as a vehicle for transformation, offering better resourcing through integrated settlements and consolidated powers for housing and planning provided that mayoral combined authorities in particular can prove “exemplary management of public money.” Long-term growth plans may prove beneficial by providing the stable landscape that planning needs to produce development that meets a holistic place vision, particularly when aligned with a national infrastructure strategy. Devolution of planning powers, the stability of multi-year funding settlements, a regional approach to planning, and flexibility in grant funding all paint a positive picture for the future of local development.

That Labour are offering transformation of the planning system that builds on rather than undermines existing frameworks could be a boon to regional growth, adding to and enhancing existing success rather than wiping the board clean at cost to the public, provided that their more ambitious policies such as the provision of twenty new towns can be met by appropriate resourcing and strategic development such as infrastructure that meets holistic place needs.

In the Conservative manifesto, there is little in the way of provision for strategic planning. The manifesto promises only support for urban development corporations, through which there is recognition of the necessity of partnership working across the public, private, and community sectors for successful regeneration, and a doubling-down on the recently introduced Infrastructure Levy. The latter point bears claims that funds might be spent on “community projects that bear no relation to support for new homes”.

The manifesto promises a return of the Affordable Housing Programme and additional regulatory support for mayors on transport – but, again, there is nothing explicitly approaching a strategic, regional vision for place. Beyond a new endowment fund for

locally charged high street and town renewal, an extension of the UK Shared Prosperity Fund, mired by the associated commitment to support the National Service programme with this funding in later years, and transformation to planning legislation in favour of rejuvenated shopping centres and local market days, place seems to have taken a step back from the Conservative rhetoric, despite historic emphasis.

The emphasis that the Conservative offering places on communities is welcome, particularly in terms of support for community housing schemes, community engagement for large-scale regeneration projects, and extension of the Community Ownership Fund. Devolution, assured to every area that wants a 'level 4' deal of the likes currently being trialled through trailblazer deals in Greater Manchester and the West Midlands, will be used to empower communities, likely through the capacity for such authorities to utilise a single settlement for funding and engage additional powers for housing. However, from a planning perspective the manifesto remains sparse on devolved powers to address the housing crisis and the poor capacity of planning departments.

### Finance and capacity of local planning

The Infrastructure Levy, introduced not without criticism in the Levelling Up and Regeneration Act 2023 (LURA), aims to replace the Community Infrastructure Levy (CIL) to leverage contributions from new development towards affordable housing and local infrastructure. Several amendments were made in response to a technical consultation on the new Levy to ensure that it would continue to protect affordable housing provision, and it may prove to generate some much-needed funding for councils. There remain some concerns that the new Levy might prove burdensome to local authorities and affordable housing providers, disincentivising affordable development, but government reinforcing the Levy, as promised in the Conservative manifesto, may provide the foundation for development that holistically supports places through local infrastructure provision.

Unlike the CIL, the LURA did not plan to make obsolete section 106 obligations – the charge levied on developers to secure affordable housing – but did note that under a functioning Infrastructure Levy that they would only be used to “support delivery of the largest sites”. The manifesto carries on in this vein, promising to lift s106 contributions from smaller sites in order to support local and smaller developers, although it remains to be seen how reforms would engage the affordable housing provision required across England’s regions.

Labour’s commitment to appointing an additional 300 planning officers shows some dedication to tackling the capacity gap among local planning authorities and improving place resilience, and by the same token comes a welcome nod to the

potential for AI to enhance planning department efficiency. Stated resolutions to enhancing council and housing association capacity for affordable housing provision will be especially crucial if Labour intends for local areas to meet their re-instated mandatory housing targets and for local planning authorities to be able to produce up-to-date Local Plans, both elements of a rejuvenated National Planning Policy Framework in a move that the manifesto actively strikes out against Conservative convention.

Affordable housing provision will also see support through strengthened planning obligations on new developments, otherwise unspecified, and changes to the Affordable Homes Programme, while new housing will be tied to stronger quality standards in terms of sustainability and climate resilience. Strengthened presumption in favour of sustainable development through Labour's renewed planning framework is a worthwhile addition.

### Of green and brown belts

The Labour Party are alone in their dogged commitment to releasing Green Belt land for development, where all other manifestos are clutching tightly to the protected swathes of land around England's urban areas. Although still taking a commendable "brownfield-first" approach to development, they will encroach onto Green Belt territory by introducing 'grey belt' development, focussing their efforts on sites that are "ugly" and underutilised, ensuring the original principles of Green Belt policy, to protect green space and prevent urban sprawl, are abided through the introduction of five 'golden rules' for development.

These golden rules are: brownfield first; grey belt second; affordable homes; boost public services and infrastructure; and improve genuine green spaces. The first is welcome, as brownfield development is paramount to tackling the housing crisis, as all parties have recognised. The second is controversial, but under a very careful approach to development, bolstered by the prohibition of speculative development, as explored above, could produce the positive growth to housing supply that the country needs – making use of every opportunity available to tackle the housing crisis.

The party plans to regulate for a minimum of 50 percent affordable housing provision on grey belt development sites. Large-scale provision of affordable housing is absolutely imperative to delivering to the actual needs of the population, but Labour have not addressed the elephant in the room of what "affordability" actually means. Affordability is based on market value, which means that prices can skyrocket beyond genuine affordability for local populations. Genuine affordability should instead be based on local income rates to meet local housing needs.

Infrastructure is likewise at the heart of providing well-planned places that meet the needs of communities, but introducing extensive public infrastructure into green areas

may bring a host of challenges – challenges that may be alleviated through strategic planning to ensure that infrastructure and public services are targeted where they are needed most. It will be very challenging to develop on the Green Belt in a manner that is cautious of encroaching onto necessary green space, particularly when the country is suffering from an immense crisis of nature and biodiversity. Some critics note that the ‘low quality’ land on the Green Belt would be better served in the use of expanding agricultural land or providing new areas of habitat<sup>23</sup>. This will be the problem that Labour will need to tackle; how can controversial development offer the rapidity and scale that experts agree is required to confront the housing crisis?

One of the primary components of the Conservatives’ approach to housing is their commitment to “Delivering a record number of homes each year on brownfield land in urban areas.” This would be achieved by means of a fast-track planning route for homes in the UK’s 20 largest cities, with full expensing and strong design codes while forcing the Mayor of London to plan more homes on brownfield sites and increase inner-city density levels. Earlier this year, the government launched a consultation on proposals for strengthening planning policy for brownfield development, exploring the capacity for a presumption in favour of sustainable brownfield development in 20 towns and cities, with an emphasis on those areas failing to meet locally agreed housebuilding targets. The fast-track route proposed in the manifesto perseveres with the current government’s brownfield-first approach, which will be a key step in delivering houses across the country. A 2022 survey of brownfield land by CPRE showed that there is room for over 1.2 million homes on brownfield land – and certainly, it will be absolutely necessary for an incoming government to seize every opportunity available to alleviate the housing emergency<sup>24</sup>.

However, commentators have noted that even if all brownfield land is developed to capacity, this will not be enough to meet the massive need across England for new housing, and that, regardless, most of the country’s brownfield capacity lies in areas with lower demand for new homes such as the North West, North East, and Yorkshire and the Humber<sup>25</sup>. Additionally, while brownfield development has been a part of the Levelling Up agenda for years now, delivery has yet to meet the demands of brownfield potential, with tens of thousands of homes in London alone waiting in the purgatory between receiving planning permission and actual building, with obstacles ranging from poor funding, expensive land and needs for remediation, and poor capacity in both the

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23 CPRE (2024) – [Our view on Labour’s five golden rules for development on the ‘grey belt’](#)

24 CPRE (2022) – [Brownfield land for 1.2 million homes lying dormant, our report shows](#)

25 Lichfields (2022) – [Banking on Brownfield](#)

public and construction sectors. Perhaps, the Conservative promise of “full expensing” for brownfield housing delivery may push these waiting developments into delivery.

### 3.2 The role of procurement in achieving policy goals

Despite previous rhetoric and public announcements, the Labour Party manifesto is noticeably bare in terms of public contract and procurement details – neither elicits more than a brief mention here and there, and ‘social value’ is not mentioned once. This is troubling given that the loss of strategic control and capacity over local public contracts has led to a widespread transfer of public functionality to private contractors, with what was left of the public sector ascribed more of a ‘policy development’ role.

Previously, Angela Rayner had insisted the Labour Party would be ending what she described as “Tory procurement racket” with transparency measures such as a publicly accessible dashboard to track public contracts, enforcing social value criteria in all contracts, and creating an ‘Office for Value for Money’ to oversee contract performance and enforce clawback clauses for failed deliveries<sup>26</sup>. Additionally, Labour had put forward proposals for a significant wave of insourcing, requiring procurement officers to justify outsourcing decisions.

To see such public contract and procurement provisions seemingly left out of the manifesto – despite positive policy messaging elsewhere – is concerning, although the benefit of the doubt would be that Labour is committed to the upcoming Procurement Act and is leaving the technicalities of how the system will continue to be reformed to be decided post-ascension. The brief mentions of public contracts and procurement that do appear in the manifesto ostensibly suggest the latter.

The Conservative manifesto also mentions public contracts sparingly, with local government considerations notably absent. Nevertheless, it is encouraging to see the Conservatives are committed to the more integrated and strategically inclined procurement system as outlined by the upcoming Procurement Act 2023. However, further proposals fall significantly short of addressing the deeply entrenched systemic issues plaguing public contracting and procurement in the country. This lack of focus is troubling, given the significant potential for local governments increased involvement in the administration and management of public contracts to drive infrastructure and service improvements.

The emphasis on supporting small businesses through £4.3bn business rates support package and facilitating their access to public contracts, the latter of which is already a

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26 Chappell (2022) – Angela Rayner to open conference with pledge to end Tory “procurement racket”

key component of the Procurement Act, while commendable, is a superficial remedy to a much deeper problem. The proposed measures to simplify public procurement for SMEs, including raising the VAT threshold, are vague and do little to tackle the fundamental issues of cost overruns, delays, and the overall lack of capacity for foresight and rigour in contract management by local and other public sector authorities. Additionally, the notion of leveraging procurement opportunities to benefit SMEs in local economies, while practical on the surface, does not address the broader systemic issues of bureaucratic injustice and information asymmetry that fundamentally stand in the way of the calibre of management necessary to improve local SME participation in public contracts. Local authorities continue to be marginalised from their own public contracts and contract management skills within procurement teams have seriously diminished as a result.

The focus on an Integrated Procurement Model for defence procurement, promising faster, smarter, and more joined-up processes is technically promising, which begs the question as to why the broader public sector cannot participate in such a model. The manifesto lays out an ambition to improve productivity and achieve value-for-money across defence procurement, aiming to become Europe's largest defence exporter by 2030, again overlooking the pressing need for holistic procurement reforms building on the Procurement Act across the public sector. The focus on defence alone ignores the critical gaps in expertise within local authorities and public bodies, the inadequate planning, and the contract management deficiencies that lead to frequent cost overruns and delays in broader public infrastructure projects.

### 3.3 Capacity-building policies

In terms of capacity, the Conservative manifesto presents a tepid and ultimately inadequate response to the entrenched capacity issues facing local government. Despite acknowledging some critical pressures, such as the social care crisis, the proposed measures fail to address the structural flaws that continue to hinder effective governance and public service delivery. The Labour Party's manifesto outlines several relevant initiatives aimed at enhancing the capacity of local government, with implications for workforce, strategic, and service capabilities. However, despite these more promising measures, proposals on centralised support for local authorities are frustratingly vague and fall short of adequately addressing the deeply entrenched issues that undermine the potential for renewal and effective governance at the local level — issues that will inevitably act as a roadblock to national mission-led governance.

The promise of a multi-year funding settlement for social care in the Conservative manifesto, while superficially positive given the impact of social care on local authority budgets, lacks the financial backing and implementation clarity needed to be genuinely

transformative. Local authorities, already grappling with severely depleted workforces and resources, require substantial and consistent investment to regain strategic oversight and manage budget-draining elements like social care effectively. Without this, the promise remains hollow, leaving councils in a perpetual state of uncertainty and reactive management, rather than enabling proactive, strategic approaches.

Labour's proposal for multi-year funding settlements aims to provide some financial certainty, which could prove crucial for effective planning and service delivery. To build on these settlements however, local authorities need sustainable revenue streams that can support both statutory and discretionary services, allowing them to respond flexibly to local service needs as they develop. The manifesto's financial proposals, while stabilising, will not address the chronic underfunding that has systematically crippled local government's ability to innovate and improve service delivery, entrenching all sorts of inefficiencies in the process.

To this end, the Conservative manifesto's vague language around the establishment of 'Business Rates Retention Zones' risks further depleting local authority income and the assurance of 'high quality and value for money services' to local communities fails to inspire confidence, given the lack of specificity needed to address the multifaceted and deeply entrenched issues with local businesses, government, and public services. The commitment to limits on council tax increases and ruling out of any wider reform also constrains local authorities without offering tangible solutions to the core problems of inadequate funding and resource allocation.

In terms of strategic capacity, Labour's plans to deepen devolution settlements and empower local authorities with new powers over key areas like housing, skills, and transport is commendable and could allow for local government to have more administrative and managerial control over how policies are enacted locally. The centralisation of economic development has indeed historically undermined local authorities' ability to respond to specific local needs. However, the devil is in the detail and the success of such plans hinges on the existing capacity of local authorities to engage in strategic planning and implementation, which varies widely, especially amongst smaller councils.

The intention to provide central support to ensure strong governance and the mandate for councils to pull stakeholders together and produce Local Growth Plans is absolutely a step in the right direction. The viability of Local Growth Plans in the current context faces significant challenges however, despite some promising aspects. While there are clear pathways to improving the viability of Local Growth Plans through simplified funding, strategic digital integration, and robust financial management – from both central institutions and local authorities themselves – current systemic and financial



challenges will continue to significantly hamper the capacity of local authorities to implement such plans effectively. The LGA argues that true decentralisation, accompanied by adequate capacity-building programmes, will prove essential for Local Growth Plans to succeed<sup>27</sup>. Ending wasteful competitive bidding and overhauling the local audit system are also necessary reforms to ensure better value for taxpayers' money and improve the strategic bandwidth of local authorities by reducing how much council capacity is dedicated to bid-writing and bureaucracy.

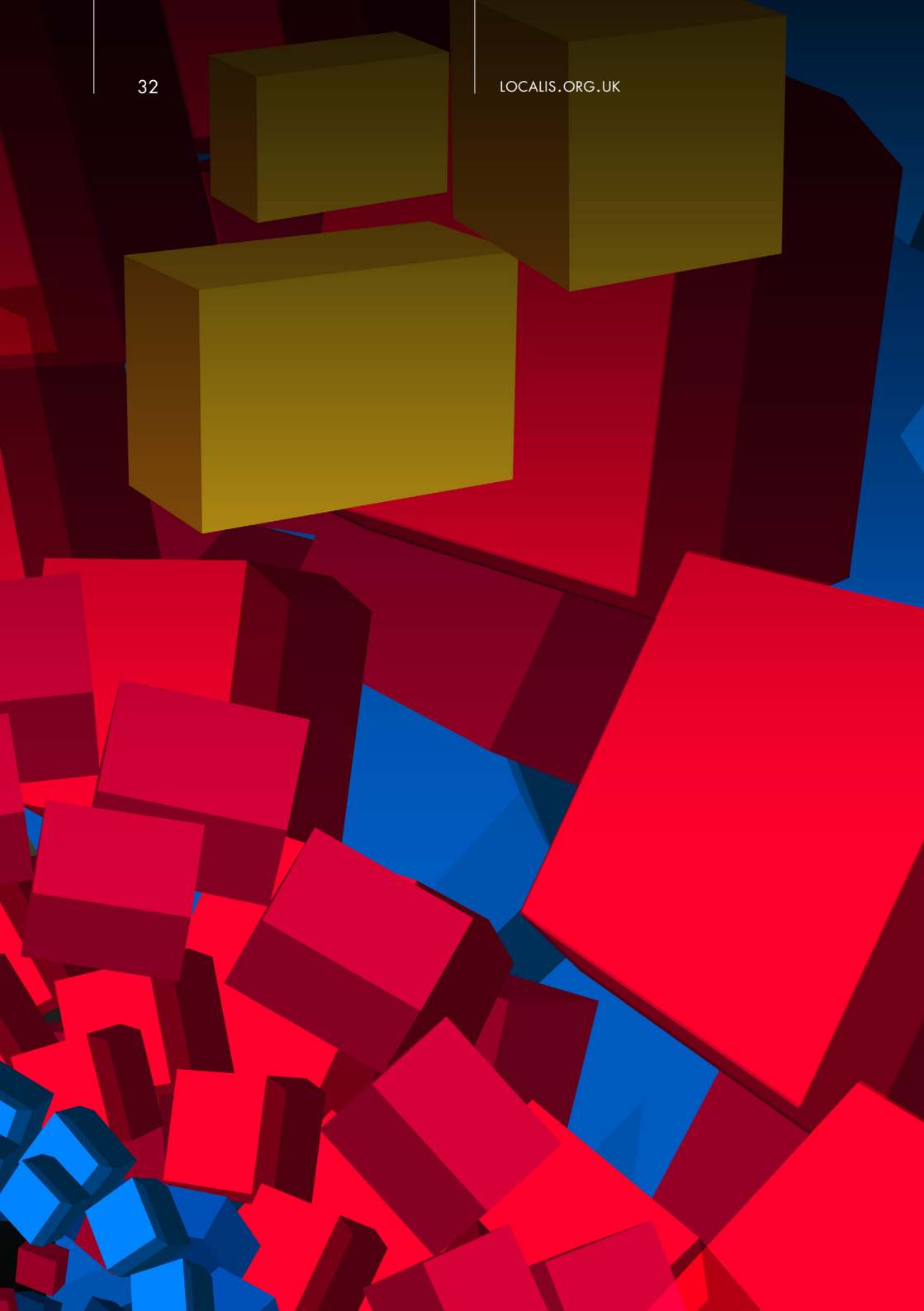
Greater financial stability could also result from Labour's proposed overhaul of local audit, provided that reform is of the necessary calibre to resolve persistent issues of backlog, delay, and lack of support. The endemic delays and quality issues in the local audit system have begun to severely undermine the strategic and service capacities of local authorities, creating a crisis of accountability and financial oversight.

With a staggering backlog of over 900 incomplete audits<sup>28</sup>, councils are too often left in the dark on their own performance, unable to make informed decisions or allocate resources effectively, thus crippling their ability to manage budgets and plan long-term contracts and investments. Compounded by a shortage of qualified auditors, Labour's overhaul of the system would do well to bear these facets in mind, otherwise they risk seeing local audit spiral further out of control, jeopardising public trust and service quality further. Similarly, the Conservative emphasis on the role of the OFLOG in making performance more transparent is an insufficient response to the complex challenges local authorities face. Transparency in performance is necessary but not a substitute for the fundamental capacity building required to enable local authorities to deliver effective and innovative public services. What is needed is a bold vision for comprehensive reform, not superficial measures that continue to only scratch the surface of deeply rooted issues.

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27 Local Government Association (2023) – *Make It Local*

28 UK Parliament (2023) – [Unacceptably high backlog in local government audit system may get worse before improving](#)





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